Pentamaster Instrumentation Sdn Bhd v QAV Technologies Sdn Bhd & Ors

HIGH COURT (KUALA LAMPUR) — SUIT NO 221P-65–11 OF 2015
WONG KIAN KHEONG JC
16 NOVEMBER 2016

Patents — Infringement — Action for — Whether plaintiff obtained ex parte Anton Piller order ('APO') and ex parte interlocutory injunction against alleged infringer of its patents by not disclosing material facts — Whether plaintiff's non-disclosure was not innocent — Whether the ex parte orders had to be set aside — Whether inter partes APO and inter partes interlocutory injunction against defendant had to be refused because plaintiff failed to show there was real risk/real possibility that evidence would be destroyed or concealed — Whether plaintiff failed to show damages not sufficient remedy and itself pleaded for damages against defendant for patent infringement — Whether balance of convenience favoured refusal of interlocutory injunction against defendant

The plaintiff owned two patents ('the plaintiff's patents') for machines ('the plaintiff's machines') it had created to test semiconductor devices. The first defendant ('D1'), a laboratory which conducted tests on semiconductor devices, had bought the plaintiff's machines. The plaintiff later discovered that the second and third defendants ('D2' and 'D3') had manufactured similar machines ('VS machines') in infringement of the plaintiff's patents and that such machines were in D1's premises. In the instant action, the plaintiff initially sued only D1 for patent infringement. Fearing that the VS machines in D1's premises might be removed, destroyed or altered to defeat its claim, the plaintiff applied for and obtained by way of encl 7 an ex parte Anton Piller order ('APO') and an ex parte interlocutory injunction ('the ex parte orders') against D1 to maintain the status quo pending the disposal of the suit. The plaintiff later added D2, D3 and the fourth defendant ('D4') to the action after which counsel for the plaintiff ('Mr Pang') affirmed an affidavit to have the aforesaid ex parte interlocutory injunction (prayer 2 in encl 7) extended to bind D2, D3 and D4 as well. All the defendants applied to have the ex parte orders set aside — D1 by way of encl 11, D2 and D3 by way of encl 44 and D4 by way of encl 42. When encl 7 came up for inter partes hearing together with encl 11, Mr Pang orally applied for an ad interim APO and an ad interim injunction against D1 pending the disposal of encl 7. D1 opposed the application. The issues that arose for determination at the hearing were: (a) whether the court after having granted the ex parte orders had power to grant an ad interim APO and ad interim injunction; (b) whether the plaintiff could apply for an inter partes APO and inter partes interlocutory injunction against D2, D3 and D4

merely on the strength of Mr Pang's affidavit; (c) whether the ex parte orders should be set aside on the plaintiff's failure to disclose material facts; (d) whether there was a real risk of destruction/concealment of evidence to warrant the grant of an inter partes APO; and (e) whether an inter partes interlocutory injunction should be granted against all the defendants.

Held, allowing encls 11, 42 and 44 to set aside the ex parte orders, dismissing encl 7 (thereby allowing the ad interim APO that had been granted to lapse), ordering the plaintiff to pay RM25,000 to each of the defendants, and ordering the registrar to assess, after the conclusion of the trial, the damages payable by the plaintiff to the defendants for loss/damage caused by the ex parte orders and the ad interim APO:

(1) The ex parte orders were set aside under O 32 r 6 of the Rules of Court 2012 in view of the plaintiff's failure to disclose material facts. The plaintiff's non-disclosure of the commercial exploitation of the VS machines was essential to the issues to be decided in the ex parte encl 7. In the light of documentary evidence, the plaintiff's non-disclosure was not innocent. It had more than adequate time and opportunity to inquire about the commercial exploitation of the VS machines and to disclose such material fact to this court in the ex parte encl 7 (see para 47).

(2) Since the plaintiff failed to discharge its onus of proving that there was a real risk or real possibility of the destruction or concealment of evidence by D1, the application for an inter partes APO was denied. Consequently, the ad interim APO would lapse upon the court's refusal of the inter partes APO. For the same reason, an interlocutory injunction to restrain D1 from moving, transferring and/or disposing of products that allegedly infringed the plaintiff's patents in D1's two premises was also denied. The plaintiff had demanded for monetary compensation for patent infringement and had in its statement of claim pleaded for an assessment of damages and exemplary damages. As damages were a sufficient remedy for the plaintiff, it was not entitled to an interlocutory injunction against the defendants. The balance of convenience lay in favour of refusing an interlocutory injunction to restrain the defendants from exploiting in any manner the use of any machine which might infringe the plaintiff's patents (see paras 50, 52, 54–55 & 57).

(3) The plaintiff could not apply for prayer 2 of encl 7 against D2, D3 and D4 by way of Mr Pang's affidavit. Pursuant to O 32 r 1 of the Rules of Court 2012, the plaintiff should have filed a notice of application supported by affidavit to amend encl 7 (pursuant to O 20 r 8 of the Rules of Court 2012) to include D2, D3 and D4. If such amendment application had been filed, the defendants concerned could have objected to it. By not filing such an amendment application, the defendants concerned were deprived of their right to object. Hence, to allow prayer 2

against the defendants concerned based simply on Mr Pang's affidavit would irreparably prejudice them by an unlawful circumvention of the aforesaid provisions of the Rules of Court 2012. Furthermore, contrary to r 28(c) of the Legal Profession (Practice and Etiquette) Rules 1978, it could not be said that Mr Pang's affidavit contained only formal or undisputed facts (see paras 36–37).

(4) In exercise of its discretion under s 51(1) of the Specific Relief Act 1950, the court decided not to grant an ad interim injunction against D1 because: (a) it would not have preserved the status quo but instead would have deprived D1 of any income from the alleged infringing products pending the disposal of encl 7; (b) it would have caused D1 irreparable harm by depriving it of any income from the alleged infringing products if the plaintiff could not honour its undertaking to pay damages if encl 7 and/or the instant action was dismissed; and (c) the plaintiff was not prejudiced by the refusal to grant the ad interim injunction because it could still argue for an interlocutory injunction against D1 under encl 7 and, if the suit was decided in the plaintiff's favour, the plaintiff could seek the compensatory and exemplary damages it had prayed for against D1 for patent infringement (see paras 24–25).

(5) Pursuant to the court's discretionary power under r 51(1) of the Specific Relief Act 1950, an ad interim APO was granted because: (a) D1 would not be prejudiced and could still resist encl 7; (b) D1 had, in any event, applied to set aside the ex parte orders; and (c) as the ex parte APO had not been fully executed, encl 7 could be prematurely frustrated if the ad interim APO was not granted (see para 29).

[Bahasa Malaysia summary

Plaintif memiliki dua paten ('paten plaintif') bagi dua mesin ('mesin-mesin plaintif') yang dibuat untuk menguji alatan separa konduktor. Defendan pertama ('D1'), sebuah makmal yang menjalankan ujian atas alatan separa konduktor, telah membeli mesin-mesin plaintif. Plaintif kemudian mendapat tahu defendan kedua dan ketiga ('D2' dan 'D3') telah mengilangkan mesin-mesin serupa ('mesin VS') dan ini melanggar paten-paten plaintif dan mesin-mesin tersebut ada di premis D1. Dalam tindakan ini, plaintif pada mulanya mengambil tindakan terhadap D1 bagi pelanggaran paten sahaja. Khuatir mesin-mesin VS dalam premis D1 akan dikeluarkan, dihapuskan atau diubah untuk menggagalkan tuntutan, plaintif memohon dan memperoleh lampiran 7, satu perintah Anton Piller ('APO') dan satu injunksi interlokutori ex parte ('perintah-perintah ex parte') terhadap D1 untuk mengekalkan status quo sementara menunggu pelupusan guaman. Plaintif seterusnya memasukkan D2, D3 dan defendan keempat ('D4') dalam tindakan dan selepas itu, peguam plaintif ('Encik Pang') mengesahkan afidavit bagi lanjutan injunksi inlokutori injunksi ('permohonan 2 dalam lampiran 7') untuk mengikat D2, D3 dan D4 juga. Kesemua defendan memohon untuk

mengetepikan perintah-perintah ex parte — D2 melalui lampiran 11, D2 dan D2 melalui lampiran 44 dan D4 melalui lampiran 42. Apabila lampiran 27 bermula bagi perbicaraan inter parte bersama-sama dengan lampiran 11, Encik Pang memohon, secara lisan, bagi ad interim APO dan injunksi ad interim terhadap D1 sementara pelupusan lampiran 7. D1 membantah permohonan tersebut. Isu-isu yang timbul bagi pemutusan semasa perbicaraan adalah; (a) sama ada mahkamah, selepas membenarkan perintah-perintah ex parte, mempunyai kuasa memberi ad interim APO dan injunksi ad interim; (b) sama ada plaintif boleh memohon APO secara inter parte dan injunksi interlokutori inter partes terhadap D2, D3 dan D4, sekadar berdasarkan afidavit Mr Pang; (c) sama ada perintah-perintah ex parte wajar diketepikan kerana plaintif gagal mengemukakan fakta-fakta material; (d) sama ada terdapat risiko pemusnahan/penyembunyian keterangan yang mewajarkan inter partes APO; dan (e) sama ada injunksi interlokutori inter parte sepatutnya diberikan kepada kesemua defendan.

Diputuskan, membenarkan lampiran 11, 41 dan 44 untuk mengetepikan perintah-perintah ex parte, menolak lampiran 7 (lantas membenarkan ad interim APO yang dibenarkan untuk luput), memerintah plaintif membayar RM25,000 kepada setiap defendan dan memerintahkan pendaftar mentaksir, selepas penutup perbicaraan, ganti rugi yang yang perlu dibayar oleh plaintif kepada defendan-defendan bagi kehilangan/kerosakan yang disebabkan oleh perintah-perintah ex parte dan APO ad interim:

(1) Perintah-perintah interim diketepikan di bawah A 32 Kaedah-Kaedah Mahkamah 2012 akibat kegagalan plaintif mengemukakan fakta-fakta material. Ketidakdedahan plaintif akan eksploitasi komersil mesin-mesin VS penting buat isu-isu yang perlu diputuskan secara ex parte dalam lampiran 7. Berdasarkan keterangan dokumentar, ketakdedahan plaintif bukan tidak bersalah. Ia mempunyai lebih dari cukup masa dan peluang untuk bertanya tentang eksploitasi komersil mesin VS dan untuk mendedahkan fakta material kepada mahkamah ini dalam ex parte lampiran 7 (lihat perenggan 47).

(2) Memandangkan plaintif gagal melepaskan beban membuktikan terdapat risiko atau kemungkinan sebenar pemusnahan atau penyembunyian bukti oleh D1, permohonan inter partes APO ditolak. Akibatnya, ada interim APO akan tamat susulan keengganan mahkamah dalam inter partes APO. Bagi alasan yang sama, injunksi interlokutori untuk menghalang D1 daripada mengalihkan, memindahkan dan/atau melupuskan produk-produk yang dikatakan melanggar paten-paten plaintif dalam dua premis D1 juga dinafikan. Plaintif menuntut pampasan kewangan bagi pelanggaran paten dan telah, dalam pernyataan tuntutannya, memplidkan taksiran ganti rugi dan ganti rugi teladan. Oleh kerana ganti rugi adalah remedi yang cukup buat plaintif, plaintif tidak berhak atas injunksi interlokutori terhadap

defendan-defendan. Imbangan kebarangkalian berpihak pada penolakan injunksi interlokutori untuk menghalang defendan-defendan daripada mengeksploitasi dalam apa-apa bentuk penggunaan mesin yang mungkin melanggar paten-paten plaintif (lihat perenggan 50, 52, 54–55 & 57).

(3) Plaintif tidak boleh memohon permohonan 2 lampiran 7 terhadap D2, D3 dan D4 melalui afidavit Encik Pang. Di bawah A 32 k 1 Kaedah-Kaedah Mahkamah 2012, plaintif sepatutnya memfailkan notis permohonan yang disokong oleh afidavit untuk meminda lampiran 7 (di bawah A 20 k 8 Kaedah-Kaedah Mahkamah 2012) untuk memasukkan D2, D3 dan D4. Jika permohonan pindaan demikian telah difailkan, defendan-defendan yang berkenaan sepatutnya boleh membantah. Dengan kegagalan memfailkan permohonan pindaan ini, defendan-defendan yang terlibat dinafikan hak untuk membantah. Maka, untuk membenarkan permohonan 2 terhadap defendan-defendan berkenaan semata-mata berdasarkan afidavit Encik Pang akan memprejudis teruk mereka melalui halangan tidak sah oleh peruntukan-peruntukan Kaedah-Kaedah Mahkamah 2012 yang disebut. Tambahan lagi, berbeza dengan k 28(c) Peraturan (Amalan dan Etika) Profesyen Guaman 1978, afidavit Encik Pang tidak boleh dikatakan mengandungi hanya fakta rasmi atau yang tidak dipertikaikan sahaja (lihat perenggan 36–37).

(4) Dalam penjalanan budi bicaranya di bawah s 51(1) Akta Relif Spesifik 1950, mahkamah memutuskan untuk tidak memberi injunksi ad interim terhadap D1 kerana: (a) ini tidak akan mengekalkan status quo tetapi sebaliknya akan menghalang D1 daripada mendapat apa-apa pendapatan daripada produk-produk yang dikatakan melanggar, sambil menunggu pelupusan lampiran 7; (b) ini akan menyebabkan kejejasan teruk dengan menghalangnya daripada mendapat apa-apa pendapatan daripada produk-produk yang dikatakan melanggar jika plaintif tidak boleh memenuhi akujanji untuk membayar ganti rugi jika lampiran 7 dan/atau tindakan ini ditolak; dan (c) plaintif tidak terprejudis oleh keengganan untuk memberi injunksi interim kerana masih boleh memohon injunksi interlokutori terhadap D1 di bawah lampiran 7 dan, jika guaman diputuskan berpihak pada plaintif, plaintif boleh memohon ganti rugi pampasan dan teladan jika telah memohon terhadap D1 bagi pelanggaran paten (lihat perenggan 24–25).

(5) Berdasarkan budi bicara mahkamah di bawah A 51(1) Akta Relif Spesifik 1950, satu ad interim APO diberi kerana: (a) D1 akan terprejudis dan masih boleh membantah lampiran 7; (b) D1 telah, dalam apa-apa keadaan, memohon untuk mengetepikan perintah-perintah ex parte; dan (c) kerana ex parte APO belum dilaksanakan sepenuhnya, lampiran

7 gagal pra matang jika ad interim APO tidak diberi (lihat perenggan 29).]

Notes

For cases on action for infringement, see 10(1) *Mallal's Digest* (5th Ed, 2017 Reissue) paras 1285–1287.

Cases referred to

Alor Janggus Soon Seng Trading Sdn Bhd & Ors v Sey Hoe Sdn Bhd & Ors [1995] 1 MLJ 241, SC (refd)
Arthur Anderson & Co v Interfood Sdn Bhd [2005] 6 MLJ 239, CA (folld)
Asia Television Ltd & Anor v Viwa Video Sdn Bhd & Connected Cases [1984] 2 MLJ 304, FC (refd)
Aspatra Sdn Bhd & 21 Ors v Bank Bumiputra Malaysia Bhd & Anor [1988] 1 MLJ 97, SC (refd)
Associated Tractors Sdn Bhd v Chan Boon Heng & Anor [1990] 2 MLJ 408; [1990] 1 CLJ Rep 30, SC (refd)
Brink's-Mat Ltd v Elcombe and Others [1988] 3 All ER 188, CA (refd)
Cheltenham and Gloucester Building Society v Ricketts and others [1993] 4 All ER 276, CA (refd)
CHS, Re [1997] 3 MLJ 152, HC (refd)
Gerak Indera Sdn Bhd lwn Farlim Properties Sdn Bhd [1997] 3 MLJ 90, CA (refd)
Ghulam Mohammad Sayeed & Ors v Perwira Habib Bank (Malaysia) Bhd & Ors [1989] 2 MLJ 375, HC (refd)
Hock Hua Bank (Sabah) Bhd v Yong Liuk Thin & Ors [1995] 2 MLJ 213, CA (refd)
Majlis Agama Islam Selangor v Bong Boon Chuen & Ors [2009] 6 MLJ 307, FC (folld)
Malayan United Finance Bhd, Johore Bahru v Liew Yet Lan [1990] 1 MLJ 317, HC (refd)
Million Group Credit Sdn Bhd v Lee Shoo Khoon & Ors [1986] 1 MLJ 315; [1985] CLJ Rep 575 (refd)
Motor Sports International Ltd (Servants or Agents at Federal Territory of Labuan) & Ors v Delcont (M) Sdn Bhd [1996] 2 MLJ 605, CA (refd)
Nikkomann Co Pte Ltd & Ors v Yulean Trading Pte Ltd [1992] 2 SLR 980, CA (refd)
Permodalan MBF Sdn Bhd v Tan Sri Datuk Seri Hamzah bin Abu Samah & Ors [1988] 1 MLJ 178, SC (folld)
Petrodar Operating Co Ltd v Nam Fatt Corp Bhd (in liquidation) & Anor [2014] 6 MLJ 189; [2014] 1 CLJ 18, FC (refd)
RIH Services (M) Sdn Bhd v Tanjung Tuan Hotel Sdn Bhd [2002] 3 MLJ 1; [2002] 3 CLJ 83, CA (refd)
The 'Vasiliy Golovnin' [2008] 4 SLR 994, CA (folld)

A *Tycoon Realty Sdn Bhd v Senwara Development Sdn Bhd* [1999] 2 MLJ 696, CA (refd)
Universal Trustee (M) Bhd v Lambang Pertama Sdn Bhd & Anor [2015] 7 MLJ 305; [2014] 5 AMR 57, HC (refd)
Wah Loong (Jelapang) Tin Mine Sdn Bhd v Chia Ngen Yiok [1975] 2 MLJ 109 (refd)

B

Legislation referred to

Courts of Judicature Act 1964 s 25(2), 67(1), Schedule, para 6
Legal Profession (Practice and Etiquette) Rules 1978 r 28, 28(c)

C

Patents Act 1983 ss 36(1)(a), (2), (3)(a)(i), (3)(a)(ii), 58
Rules of Court 2012 O 20 r 8, 8(1), O 29 r 1, O 32 rr 1, 6, O 59 r 7(4), O 92 r 4
Rules of the High Court 1980 O 20 r 8(1), O 32 rr 1, 6
Specific Relief Act 1950 s 51(1)

D

Pang Yeow Choy (Daniel Bock with him) (YC Pang, Chong & Gordon) for the plaintiff.
Bahari Yeow (Patricia Chung with him) (Chung Chambers) for the first defendant.
Teo Bong Kwang (Boo Min Lee with him) (Wong Jin Nee & Teo) for the second and third defendants.

E

Christina Siew (Lim Kien Siew & Co) for the fourth defendant.

Wong Kian Kheong JC:

F A. ISSUES

[1] This judgment discusses the following questions:

(a) when the plaintiff company ('the plaintiff') has obtained an:

G (i) ex parte Anton Piller order ('APO'); and

(ii) an ex parte interlocutory injunction (ex parte orders) against the first defendant company (the first defendant), whether the court has the power to grant:

H (1) an ad interim APO; and

(2) an ad interim injunction — pending the disposal of the plaintiff's inter partes application for an APO and an interlocutory injunction;

I (b) whether the plaintiff can apply for an inter partes APO and an inter partes interlocutory injunction against the second defendant company (the second defendant), third defendant company (the third defendant) and fourth defendant company (the fourth defendant) by merely filing an affidavit affirmed by the plaintiff's learned counsel;

(c) whether the court should set aside the ex parte orders on the ground that the plaintiff had failed to disclose material facts to the court. In this regard, did the plaintiff have a duty to inquire regarding the commercial exploitation of the machinery in question before applying for the ex parte orders?

(d) whether there is real risk of destruction or concealment of evidence for the court to grant an inter partes APO; and

(e) whether the court should grant an inter partes interlocutory injunction to restrain:

(i) the first to fourth defendants (the defendants) from, among others, exploiting in any manner the use of any machine which infringe:

(1) the plaintiff's Patent No MY-138949-A ('Patent No 949'); and

(2) the plaintiff's Patent No MY-151795-A ('Patent No 795') ('alleged infringing products'); and

(ii) the first defendant from moving, transferring and/or disposing the alleging infringing products in the first defendant's two premises.

B. THE PLAINTIFF'S CASE

[2] The plaintiff is involved in research, design, manufacture and sale of machineries and equipment which can conduct tests on semiconductor devices.

[3] The first defendant is an accredited laboratory which conducts testing of semiconductor devices.

[4] The second defendant is a public listed company which designs, manufactures and sells machineries and equipment to test semiconductor devices. The third defendant is a wholly owned subsidiary of the second defendant which is involved in the same business as the second defendant.

[5] The fourth defendant manufactures and sells 'light emitting diode' ('LED') devices.

[6] The plaintiff has registered Patent No 949 on 24 December 2004 for an 'Apparatus/Test Handler for Testing Unmoulded IC Devices Using Air Flow System and the Method of Testing the Same'.

[7] In or around 2005, the fourth defendant approached the plaintiff to invent a machine to test the fourth defendant's products which comprised a ceramic tile embedded with LED devices. Subsequently, the plaintiff improved and modified Patent No 949 to enable the plaintiff to test the fourth

A defendant's LED tiles. These efforts by the plaintiff culminated in Patent No 795 for a 'Pressurized Air-Chamber Testing Device for Semiconductor Elements and a Method Thereof' which is registered on 10 July 2008. Patent Nos 949 and 795 will be referred in this judgment as the 'the plaintiff's patents'.

B

[8] In 2008, the plaintiff produced the first machine based on Patent No 795 ('the plaintiff's machine') which was purchased by Device Semiconductor Sdn Bhd. The fourth defendant also purchased the plaintiff's machines.

C

[9] In early December 2013, the fourth defendant sought a license from the plaintiff for either one or both of the plaintiff's patents. The plaintiff rejected the fourth defendant's proposal. Subsequently, the second and third defendants manufactured machines called 'Vicnery System' ('VS machines') which had been purchased by the fourth defendant to test the fourth defendant's LED tiles.

D

[10] Prior to the execution of the ex parte APO in this case, the plaintiff claimed to have no knowledge that the second and third defendants had manufactured VS machines which had been purchased by the fourth defendant and 'consigned' by the fourth defendant to the first defendant's premises for use by the first defendant (to test the fourth defendant's products).

E

F

[11] In or around March 2015, the plaintiff became suspicious of VS machines. The plaintiff obtained evidence in or around July 2015 that VS machines had infringed either one or both of the plaintiff's patents. Hence, the plaintiff's solicitors issued a demand dated 29 July 2015 to the first defendant ('the plaintiff's demand dated 29 July 2015').

G

[12] The first defendant's patent agent, QO Patent Sdn Bhd, had sent a letter dated 8 September 2015 which denied that VS machines had infringed either one or both of the plaintiff's patents.

H

[13] In or around November 2015, partition walls were erected in the first defendant's premises which isolated the plaintiff's machines (consigned by the plaintiff to the first defendant) from VS machines found in the first defendant's premises. The plaintiff's representatives were only granted access to the plaintiff's machines consigned to the first defendant. The plaintiff alleged that this incident aroused the plaintiff's suspicion that VS machines found in the first defendant's premises might be removed, destroyed or altered which would defeat the plaintiff's claim regarding the infringement of the plaintiff's patents.

I

C. EX PARTE ORDER

[14] The plaintiff initially commenced this suit only against the first defendant for an infringement of the plaintiff's patents ('this action').

[15] In this action, the plaintiff filed and obtained the ex parte orders in court encl No 7 ('court encl No 7').

[16] The first defendant applied in court enclosure No 11 to, among others, set aside the ex parte orders ('court encl No 11').

D. WHETHER THE COURT SHOULD GRANT AD INTERIM APO AND AD INTERIM INJUNCTION

[17] On 4 February 2016, the hearing date for court encl No 7 (on an inter partes basis) and the first hearing date of court encl No 11:

(a) Mr Pang Yeow Choy ('Mr Pang'), the plaintiff's learned counsel, orally applied for an ad interim APO and an ad interim injunction pending the disposal of court encl No 7 ('ad interim order application'); and

(b) the ad interim order application was opposed by the first defendant's learned counsel, Mr Bahari Yeow ('Mr Yeow').

D(1). The court's jurisdiction to grant APO

[18] It is clear that Malaysian courts have statutory jurisdiction to grant APO to authorise a party to enter the premises of another party to search and seize evidence for the use at the trial of an action pending the disposal of the action. I rely on the following statutory provisions:

(a) s 25(2) of the Courts of Judicature Act 1964 ('the CJA') and para 6 of the Schedule to the CJA provides as follows:

> CJA
>
> 25 Powers of the High Court
>
> (2) *Without prejudice to the generality of subsection (1) the High Court shall have the additional powers set out in the Schedule:*
>
> *Provided that all such powers shall be exercised in accordance with any written law or rules of court relating to the same.*
>
> *Schedule*
>
> *Paragraph 6 Preservation of property*
>
> *Power to provide for the interim preservation of property the subject matter of any cause or matter by sale or by injunction or the appointment of a receiver or the*

registration of a caveat or a lis pendens or in any other manner whatsoever. (Emphasis added.)

In *Arthur Anderson & Co v Interfood Sdn Bhd* [2005] 6 MLJ 239; [2005] 6 MLJ 239, at para 21, Richard Malanjum JCA (as he then was) delivered the following judgment of the Court of Appeal:

21 *An Anton Piller order is just another form of injunction albeit unique in its application. Hence, it is a discretionary relief.* It assumed the name from the decision of the English Court of Appeal in *Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55; [1976] 1 All ER 779 (CA). *This doctrine entered into our legal corpus through para 6 of the Schedule to the (CJA) in the same way as mareva injunction did (see Zainal Abidin bin Haji Abdul Rahman v Century Hotel Sdn Bhd* [1982] 1 MLJ 260*). And when adopting and applying this doctrine our courts at all levels have consistently ensured that the elements of the doctrine as enunciated by the English courts are complied with (see Lian Keow Sdn Bhd v C Paramiothi & Anor* [1982] 1 MLJ 217. *Aspatra Sdn Bhd v Bank Bumiputra Malaysia Bhd & Anor* [1987] 1 MLJ 97*, Makonka Electronic Sdn Bhd v Electrical Industry Workers' Union & Ors* [1997] MLJU 93 *(HC))*. There is therefore no question of adopting the doctrine less the necessary prerequisites to be satisfied before granting such a relief … (Emphasis added.)

(b) s 51(1) of the Specific Relief Act 1950 ('the SRA') provides as follows:

51 *Temporary* and perpetual *injunctions*

(1) Temporary injunctions are such as are to continue until a specified time, or until the further order of the court. They may be granted at any period of a suit, and are regulated by the law relating to civil procedure.(Emphasis added.); and

(c) O 29 r 1 of the Rules of Court 2012 ('the RC') (an application for the grant of an injunction may be made by any party to a cause or matter before … the trial …). In *Motor Sports International Ltd (Servants or Agents at Federal Territory of Labuan) & Ors v Delcont (M) Sdn Bhd* [1996] 2 MLJ 605 at p 611, Gopal Sri Ram JCA (as he then was) held as follows in the Court of Appeal:

The provisions of O 29 r 2A (should be O 29 r 1(2A) of the RC) were introduced by amendment in order to ensure that ex parte injunctions of any sort were not granted willy-nilly, but only in cases where they were truly called for. In order to ensure that the policy behind the introduction of r 2A is not defeated, High Courts must demand strict compliance with its terms. More so, when the relief applied for is in the nature of a Mareva or an Anton Piller type of injunction because of the incalculable harm and damage that may be caused to a defendant by the grant of either of these orders. (Emphasis added.)

[19] The following appellate decisions have affirmed the grant of APO:

(a) Abdoolcader FJ's (as he then was) judgment in the Federal Court case of *Asia Television Ltd & Anor v Viwa Video Sdn Bhd & Connected Cases*

[1984] 2 MLJ 304 at p 305, restored the ex parte APO set aside by the High Court; and

(b) the majority of the Supreme Court's decision given by Mohd Azmi SCJ in *Aspatra Sdn Bhd & 21 Ors v Bank Bumiputra Malaysia Bhd & Anor* [1988] 1 MLJ 97 at pp 103–104, affirmed the grant of, among others, an APO, given by the High Court.

D(2). Whether the court can grant ad interim injunction pending disposal of interlocutory injunction application ('ad interim injunction')

[20] The following appellate cases have held that the court has the power to grant an ad interim injunction:

(a) Raus Sharif PCA decided as follows in the Federal Court case of *Petrodar Operating Co Ltd v Nam Fatt Corp Bhd (in liquidation) & Anor* [2014] 6 MLJ 189; [2014] 1 CLJ 18 at para 25:

> [25] The question now is, whether it is proper to split the hearing of interim injunction application by separating the balance of convenience argument to be argued and heard separately to set aside an ad interim injunction. We have considered the submissions urged on us by learned counsel for the first defendant and with respect we are unable to accede to their contentions. *It is the standard practice of our courts, that after the grant of the ad interim injunction (pending the inter partes hearing) to move on to the hearing of the inter partes injunction. Parties will then ventilate all issues and their respective contentions in the inter partes hearing of the injunction itself. In this regard we are reminded of the observations made by His Lordship Abdul Hamid bin Mohamed JCA (as he then was) in RIH Services (M) Sdn Bhd v Tanjung Tuan Hotel Sdn Bhd* [2002] 3 MLJ 1; [2002] 2 AMR 2457 *which we are inclined to adopt in similar vein. His Lordship Abdul Hamid bin Mohamed JCA noted that the ad interim injunction to maintain the status quo pending the inter partes hearing is quite often agreed between the parties. Even if they do not agree the court has the jurisdiction to make such an order. The court has the jurisdiction to grant the ad interim injunction even in the event the parties disagree. From the observations made by His Lordship Abdul Hamid Mohamed we can safely conclude that in the interest of smooth and expeditious administration of justice, parties should expeditiously move forward to the hearing of the inter partes injunction on the merits*. (Emphasis added.); and

(b) the judgment of Abdul Hamid JCA (as he then was) in the Court of Appeal in *RIH Services (M) Sdn Bhd v Tanjung Tuan Hotel Sdn Bhd* [2002] 3 MLJ 1 at pp 7–8; [2002] 3 CLJ 83 at pp 91–92, as follows:

> *Bear in mind, that the application was still before him, alive and pending. He clearly had the jurisdiction to consider whether or not to grant an ad interim injunction pending the hearing inter parties of the application. From my own experience, quite often parties would agree to such an order or the defendant would give an undertaking to maintain the status quo pending the hearing of the*

application inter partes. But even if they do not agree, the court has the jurisdiction to make such an order.

Such a practice has been adopted in England. In Beese and Others (managers of Kimpton Church of England Primary School) and Others v Woodhouse and Others [1970] 1 All ER 769 *(CA) the plaintiff having filed* a writ and the statement of claim, took out a summons for an interim injunction. However, pending the hearing of the application inter partes, the judge granted an injunction, ex parte. The Court of Appeal held that the court below had the jurisdiction to do so. The headnote summarises the judgment thus:

> *Where an application for an injunction cannot be heard by the court through no fault of the plaintiff or defendant, and the judge comes to the conclusion on a prima facie view that irreparable damage may be done to the plaintiff by not preventing the continuance of the alleged nuisance or whatever other wrongdoing it may be by the defendant, he has jurisdiction to grant an ex parte injunction (see pp 771 g, 772 g, and 773 j, post).* (Emphasis added.)

[21] The court's jurisdiction to grant an ad interim injunction, in my view, is clear from s 51(1) of the SRA (temporary injunctions are such as are to continue until a specified time, or until the further order of the court. They may be granted at any period of a suit ...).

[22] Based on *Petrodar Operating* and *RIH Services*, as a general rule — an ad interim injunction should be granted to preserve the status quo pending the disposal of the interlocutory injunction application ('general rule'). The general rule ensures an expeditious disposal of an inter partes interlocutory injunction application whereby parties can proceed to the hearing of the inter partes application on its merits without being delayed by a protracted hearing of whether the court should grant or not an ad interim injunction.

[23] I am of the view that there are at least two exceptions to the general rule whereby the court may not grant an ad interim injunction, namely:

(a) when the status quo need not be preserved by an ad interim injunction — *Petrodar Operating* and *RIH Services*; or

(b) when irreparable harm may be caused to the defendant by the grant of an ad interim injunction.

The above two exceptions are not exhaustive because the court has the discretionary power under s 51(1) of the SRA to decline to follow the general rule based on the particular facts of the case in question.

[24] I exercised my discretion under s 51(1) of the SRA not to:

(a) follow the general rule; and

(b) grant an ad interim injunction to restrain the first defendant from exploiting in any manner the alleging infringing products (refusal to grant ad interim injunction). A

[25] The refusal to grant ad interim injunction is premised on the following reasons: B

(a) the grant of an ad interim injunction would not have the effect of preserving the status quo in this case. Instead, the status quo would be altered by an ad interim injunction to the detriment of the first defendant. This is because if an ad interim injunction is granted, the first defendant will be deprived of any income from the alleging infringing products pending the disposal of court encl No 7; C

(b) there may be irreparable harm to the first defendant due to an ad interim injunction (by depriving the first defendant of any income from the alleging infringing products) if the plaintiff is not able to honour its undertaking to pay damages in the event of a dismissal of court encl No 7 and/or a dismissal of this action; and/or D

(c) there is no prejudice to the plaintiff which will arise from the refusal to grant ad interim injunction because: E

(i) the plaintiff still has the opportunity to persuade the court to allow court encl No 7 (which includes a prayer for an interlocutory injunction against the first defendant); and

(ii) in any event, prayers 5 and 6 of the amended statement of claim ('ASOC') have claimed for an assessment of damages and exemplary damages. As such, if this action is subsequently decided in the plaintiff's favour, the plaintiff may claim for both compensatory and exemplary damages due to the first defendant's infringement of the plaintiff's patents. F G

[26] The refusal to grant ad interim injunction falls within the phrase 'order of any High Court in any civil cause or matter' in s 67(1) of the CJA. Accordingly, the refusal to grant ad interim injunction is appealable to the Court of Appeal. This is clear from the Court of Appeal's judgment given by Chan Nyarn Hoi JCA in *Tycoon Realty Sdn Bhd v Senwara Development Sdn Bhd* [1999] 2 MLJ 696 at pp 700–702. The plaintiff did not however appeal to the Court of Appeal against the refusal to grant ad interim injunction. H

D(3). Whether the court can grant ad interim APO pending disposal of inter partes APO application ('ad interim APO') I

[27] My research is not able to reveal any Malaysian case which has granted an ad interim APO.

[28] I am of the following opinion:

(a) the court has the discretionary power under s 51(1) of the SRA to grant an ad interim APO. This is because as decided in *Arthur Anderson*, an APO is another form of injunction to which s 51(1) of the SRA is applicable; and

(b) the general rule should apply whereby the court should grant an ad interim APO. This ensures an expeditious disposal of the inter partes APO application without the court being bogged down by a protracted hearing of whether the court should grant or not an ad interim APO.

[29] An ad interim APO was granted in this case (grant of ad interim APO) for the following reasons:

(a) there was no prejudice to the first defendant by the grant of ad interim APO. This was because the first defendant could still resist successfully court encl No 7. Furthermore, the first defendant had already filed court encl No 11 to set aside the ex parte orders; and

(b) as conceded by Mr Yeow, the ex parte APO had not been fully executed. If the grant of ad interim APO is not made, court encl No 7 would be pre-maturely frustrated.

[30] The first defendant did not appeal to the Court of Appeal against the grant of ad interim APO.

E. APPLICATIONS BY THE SECOND TO FOURTH DEFENDANTS

[31] The plaintiff had applied to join the second to fourth defendants in this action. This joinder application by the plaintiff was consented to by the first to fourth defendants and was therefore allowed by the court on 28 March 2016.

[32] The second and third defendants had applied in court encl No 44 to, among others, set aside the ex parte orders (court encl No 44). Court encl No 42 had been filed by the fourth defendant to, among others, set aside the ex parte orders (court encl No 42).

[33] All the parties consented to a joint hearing of court encl Nos 7, 11, 42 and 44.

F. CAN THE PLAINTFF APPLY FOR APO AND INTERLOCUTORY INJUNCTION AGAINST THE SECOND TO FOURTH DEFENDANTS?

[34] After the second to fourth defendants have been joined in this action, Mr Pang affirmed an affidavit on 8 April 2016, court encl No 40 (Mr Pang's affidavit). Paragraph 10 of Mr Pang's affidavit applied for, among others, prayer 2 of court encl No 7 (a prayer for an interlocutory injunction to, among others, restrain the exploitation of any product which infringes the plaintiff's patents) (prayer 2) to be ordered against the second to fourth defendants.

[35] Order 20 r 8 and O 32 r 1 of the RC provide as follows:

O 20 r 8 Amendment of certain other documents

(1) *For the purpose of determining the real question in controversy between the parties to any proceedings*, or of correcting any defect or error in any proceedings, *the Court may at any stage of the proceedings* and either of its own motion or *on the application of any party to the proceedings order any document in the proceedings to be amended on such terms as to costs or otherwise as may be just and in such manner, if any, as it may direct.*

(2) This rule does not have effect in relation to a judgment or order.

O 32 r 1 Mode of making application

Every application in Chambers shall be made by notice of application in Form 57. (Emphasis added.)

[36] I am of the view that the plaintiff cannot apply for prayer 2 against the second to fourth defendants by way of Mr Pang's affidavit. This is based on the following reasons:

(a) according to O 32 r 1 of the RC, every application in chambers 'shall' be made in a notice of application ('NA'). Order 32 r 1 of the RC is a mandatory provision by reason of the use of the imperative term 'shall'. In *Malayan United Finance Bhd, Johore Bahru v Liew Yet Lan* [1990] 1 MLJ 317 at p 320, VC George J (as he then was) decided as follows in the High Court on O 32 r 1 of the Rules of the High Court 1980 ('the RHC') (which is similar to O 32 r 1 of the RC):

> ... It is relevant to examine the Rules of the High Court 1980 generally and some of the rules in particular. *Order 32 r 1 provides that except as provided by O 25 r 7, every application in chambers must be by summons in Form 62 ...*
>
> *What is to be gleaned from this is that the policy and effect of the above rules is that the general rule is that all applications in chambers have to be made by summons inter partes other than applications specifically excluded by the rules from being so brought*. (Emphasis added.);

(b) the plaintiff should have filed a NA supported by an affidavit to amend court encl No 7 to include the second to fourth defendants ('amendment application'). The amendment application can be made pursuant to O 20 r 8(1) of the RC. In the High Court case of *Re CHS* [1997] 3 MLJ 152 at pp 162–163, Augustine Paul JC (as he then was) explained the scope of O 20 r 8(1) of the RHC (which is identical to O 20 r 8(1) of the RC) as follows:

> ... *The overriding principle with regard to amendments is that contained in O 20 r 8 which provides that, generally speaking all amendments will be allowed at any stage of the proceedings and of any document in the proceedings (other than a judgment or order) on such terms as to costs or otherwise as the court thinks just. An amendment would be refused if it would result in prejudice or injury which cannot be properly compensated for by costs.* (Emphasis added.); and

(c) if the plaintiff had filed the amendment application, the second to fourth defendants had the right to object to the amendment application. Due to the plaintiff's failure to file the amendment application, the second to fourth defendants had been deprived of their right to oppose the amendment application. Accordingly, to allow the plaintiff to apply for prayer 2 against the second to fourth defendants by way of Mr Pang's affidavit, will irreparably prejudice the second to fourth defendants by an unlawful circumvention of O 20 r 8 and O 32 r 1 of the RC.

[37] There is an ethical reason to disallow the plaintiff from applying for prayer 2 against the second to fourth defendants by way of Mr Pang's affidavit. In the High Court case of *Million Group Credit Sdn Bhd v Lee Shoo Khoon & Ors* [1986] 1 MLJ 315 at p 317; [1985] CLJ Rep 575 at p 578, Shankar J (as he then was) held as follows:

> A second point which needs to be emphasised is that *the practice of solicitors themselves filing contentious affidavits in pending applications should be discouraged.* The parties are the litigants and it is they who should be giving evidence. The rules relating to conduct and etiquette in the profession quite clearly say that a solicitor should not appear as such in a matter in which he has reason to believe that he will be a witness in respect of a material and disputed question of fact (see r 28 of the Legal Profession (Practice and Etiquette) Rules 1978). (Emphasis added.)

Rule 28(c) of the Legal Profession (Practice and Etiquette) Rules 1978 ('the LPR') states that r 28 of the LPR does not prevent an advocate and solicitor from affirming an affidavit as to formal or undisputed facts in matters in which he or she acts or appears. Mr Pang's affidavit could not be said to contain only formal or undisputed facts.

[38] In view of the plaintiff's breach of O 20 r 8 and O 32 r 1 of the RC, the plaintiff cannot apply for prayer 2 against the second to fourth defendants. On

this ground alone, court encl No 7 should be dismissed with costs against the second to fourth defendants.

G. JUDICIAL APPROACH IN DECIDING COURT ENCL NOS 7, 11, 42 AND 44 ('FOUR APPLICATIONS')

[39] The following approach is taken by me in determining the four applications:

(a) the court does not express any view in respect of the strength or weakness of the parties in this action — please see the Supreme Court's judgment delivered by Jemuri Serjan CJ (Borneo) in *Alor Janggus Soon Seng Trading Sdn Bhd & Ors v Sey Hoe Sdn Bhd & Ors* [1995] 1 MLJ 241 at p 266 ('Alor Janggus');

(b) no finding of fact is made in the four applications as the court should not embark on a trial based on the affidavits filed in the four applications, especially when there are conflicting averments in the affidavits — *Alor Janggus* at p 266. In an interlocutory application, the court should not resolve any conflict in affidavit evidence — please see *Universal Trustee (M) Bhd v Lambang Pertama Sdn Bhd & Anor* [2015] 7 MLJ 305; [2014] 5 AMR 57 at para 18. Accordingly, this court shall not decide in respect of the conflicting averments in the affidavits in this case, especially regarding the infringement of the plaintiffs' patents;

(c) the integrity of this action is preserved and the parties are at liberty to conduct their cases during the trial of this action as they see fit without being constrained in any manner by this court's decision in the four applications; and

(d) this court's decision in the four applications does not trigger the application of the issue estoppel doctrine to bar any of the parties in this action — please see Gopal Sri Ram JCA's (as he then was) judgment in the Court of Appeal case of *Hock Hua Bank (Sabah) Bhd v Yong Liuk Thin & Ors* [1995] 2 MLJ 213 at p 220.

H(1). Whether the court has power to set aside ex parte injunctions

[40] I am of the following view regarding the court's power to set aside an ex parte injunction obtained by a party on the ground that the party has failed to disclose material facts or has misrepresented/misled material facts to the court in obtaining the ex parte injunction:

(a) O 32 r 6 of the RC empowers the court to set aside any ex parte order granted previously by the court, including an ex parte injunction — please see the Supreme Court's judgment delivered by Syed Agil Barakbah SCJ in *Permodalan MBF Sdn Bhd v Tan Sri Datuk Seri Hamzah bin Abu Samah & Ors*

A [1988] 1 MLJ 178 at p 181, regarding O 32 r 6 of the RHC (which is identical to O 32 r 6 of the RC).

Order 32 r 6 of the RC provides as follows:

> *The Court may set aside an order made ex parte.* (Emphasis added.)

B The use of the permissive term 'may' in O 32 r 6 of the RC indicates that the court has a discretion to set aside, wholly or partly, an ex parte injunction. I take note that in the High Court case of *Ghulam Mohammad Sayeed & Ors v Perwira Habib Bank (Malaysia) Bhd & Ors* [1989] 2 MLJ 375 at pp 377–378, Zakaria Yatim J (as he then was) relied on the court's inherent jurisdiction to 'expunge' C part of an ex parte injunction. With respect, when there is an express provision in the RC, such as O 32 r 6 of the RC, there cannot be any resort to O 92 r 4 of the RC and/or the court's inherent jurisdiction. I rely on the following two judgments of our highest court:

D (i) the Supreme Court's judgment in *Permodalan MBF Sdn Bhd* at p 181; and

(ii) the judgment of Zulkefli Makinudin FCJ (as he then was) in the Federal Court case of *Majlis Agama Islam Selangor v Bong Boon Chuen & Ors* [2009] 6 MLJ 307 at para 28;

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(b) there must be a material fact which has not been disclosed or which has been misrepresented/misled by the party who has obtained an ex parte injunction — please see the Singapore Court of Appeal's judgment delivered by Warren LH Khoo J in *Nikkomann Co Pte Ltd & Ors v Yulean Trading Pte Ltd* F [1992] 2 SLR 980 at pp 990–991;

(c) in the Singapore Court of Appeal case of *The 'Vasiliy Golovnin'* [2008] 4 SLR 994 at paras 86–87, VK Rajah JA (the present Attorney General of Singapore) held that:

G (i) a fact is material if the court should consider such a fact in the making of the decision in question; and

(ii) the test of materiality is an objective one;

(d) on how material facts should be disclosed by a party who has applied for an H ex parte injunction, I rely on *The 'Vasiliy Golovnin'* at paras 91 and 94, as follows:

> *The threshold of disclosure*
>
> *91. It should also be pointed out that mere disclosure of material facts without more or devoid of the proper context is in itself plainly insufficient to constitute full and frank disclosure; the threshold of the disclosure to be met is also crucial.* In this regard, we are referring specifically to the manner of disclosure that is required of a plaintiff making the ex parte application. In other words, we are concerned with how the material facts can best be presented to the court so as to ensure that the court receives the most complete and undistorted picture of the material facts, sufficient

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for its purpose of making an informed and fair decision on the outcome of the application, such that the threshold of full and frank disclosure can be meaningfully said to be crossed ...

94. *Thus, it is for the applicant's counsel, in his or her presentation of the material facts, to draw the judge's attention to the relevant papers, and it is not sufficient to produce exhibits which contain the papers if no specific reference is made to them; a failure to refer to material documents is a failure to disclose* (Mark S W Hoyle, *Freezing and Search Orders* (lnforma, 4th Ed, 2006) at para 5.18). *Further, all material facts should be fairly stated in the affidavit, and it is not open to a plaintiff to say that it has fulfilled its duty to make full and frank disclosure because the relevant facts can be distilled somewhat from somewhere in the voluminous exhibits filed. In short, in the words of Bingham J in Siporex Trade SA v Comdel Commodities Ltd* [1986] 2 Lloyd's Rep 428 *at p 437, the applicant must 'identify the crucial points for and against the application, and not rely on general statements and the mere exhibiting of numerous documents'*. (Emphasis added.)

(e) if a party has obtained an ex parte injunction by:

(i) failing to disclose material facts; or

(ii) misrepresenting/misleading material facts the court still has a discretion to affirm or set aside, wholly or partly, the ex parte injunction. I cite the following judgments in the English Court of Appeal case of *Brink's-Mat Ltd v Elcombe and Others* [1988] 3 All ER 188:

(1) Ralph Gibson LJ held as follows at p 192–193:

> *In considering whether there has been relevant non- disclosure and what consequence the court should attach to any failure to comply with the duty to make full and frank disclosure, the principles relevant to the issues in these appeals appear to me to include the following*:
>
> (i) *The duty of the applicant is to make 'a full and fair disclosure of all the material facts': see R v Kensington Income Tax Comrs, ex p Princess Edmond de Polignac* [1917] 1 KB 486 at p 514 *per Scrutton LJ*.
>
> (ii) *The material facts are those which it is material for the judge to know in dealing with the application as made; materiality is to be decided by the court and not by the assessment of the applicant or his legal advisers: see the Kensington Income Tax Comrs* case [1917] 1 KB 486 at p 504 *per Lord Cozens-Hardy MR*, citing *Dalglish v Jarvie* (1850) 2 Mac & G 231 at p 238, 42 ER 89 at p 92, and *Thermax Ltd v Schott Industrial Glass Ltd* [1981] FSR 289 at p 295 *per Browne-Wilkinson J*.
>
> (iii) *The applicant must make proper inquiries before making the application: see Bank Mellat v Nikpour* [1985] FSR 87. *The duty of disclosure therefore applies not only to material facts known to the applicant but also to any additional facts which he would have known if he had made such inquiries.*
>
> (iv) *The extent of the inquiries which will be held to be proper, and therefore necessary, must depend on all the circumstances of the case including:*

A (a) *the nature of the case which the applicant is making when he makes the application;*

(b) *the order for which application is made and the probable effect of the order on the defendant: see, for example, the examination by Scott J of the possible effect of an Anton Piller order in Columbia Picture Industries Inc v Robinson* [1986] 3 All ER 338; [1987] Ch 38; and

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(c) *the degree of legitimate urgency and the time available for the making of inquiries: see Bank Mellat v Nikpour* [1985] FSR 87 at pp 92–93 *per Slade LJ.*

C (v) *If material non-disclosure is established the courl will be 'astute to ensure that a plaintiff who obtains … an ex parte injunction without full disclosure is deprived of any advantage he may have derived by that breach of duty …': see Bank Mellat v Nikpour* (at p 91) *per Donaldson LJ, citing Warrington LJ in the Kensington Income Tax Comrs case.*

D (vi) *Whether the fact not disclosed is of sufficient materiality to justify or require immediate discharge of the order without examination of the merits depends on the importance of the fact to the issues which were to be decided by the judge on the application. The answer to the question whether the non-disclosure was innocent, in the sense that the fact was not known to the*

E *applicant or that its relevance was not perceived, is an important consideration but not decisive by reason of the duty on the applicant to make all proper inquiries and to give careful consideration to the case being presented.*

F (vii) *Finally 'it is not for every omission that the injunction will be automatically discharged. A locus poenitentiae may sometimes be afforded': see Bank Mellat v Nikpour* [1985] FSR 87 at p 90 *per Lord Denning MR. The court has a discretion, notwithstanding proof of material non-disclosure which justifies or requires the immediate discharge of the ex parte order, nevertheless to continue the order, or to make a new order on terms:*

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… when the whole of the facts, including that of the original non-disclosure, are before it, (the court) may well grant such a second injunction if the original non-disclosure was innocent and if an injunction could properly be granted even had the facts been disclosed.

H (See *Lloyds Bowmaker Ltd v Britannia Arrow Holdings plc (Lavens, third party)* [1988] 3 All ER 178 at p 183 *per Glidewell LJ)*. (Emphasis added.)

(2) the above judgment of Ralph Gibson LJ has been concurred by

I Balcombe LJ, at pp 193–194, as follows:

The rule that an ex parte injunction will be discharged if it was obtained without full disclosure has a twofold purpose. It will deprive the wrongdoer of an advantage improperly obtained: see R v Kensington Income Tax Comrs, ex p Princess Edmond de Polignac [1917] 1 KB 486 at p 509. *But*

it also serves as a deterrent to ensure that persons who make ex parte applications realize that they have this duty of disclosure and of the consequences (which may include a liability in costs) if they fail in that duty. Nevertheless, this judge-made rule cannot be allowed itself to become an instrument of injustice. It is for this reason that there must be a discretion in the court to continue the injunction, or to grant a fresh injunction in its place, notwithstanding that there may have been non-disclosure when the original ex parte injunction was obtained: see in general Bank Mellat v Nikpour [1985] FSR 87 at p 90 and *Lloyds Bowmaker Ltd v Britannia Arrow Holdings plc (Lavens third party)* [1988] 3 All ER 178, a recent decision of this court in which the authorities are fully reviewed. *I make two comments on the exercise of this discretion.*

(iii) *Whilst, having regard to the purpose of the rule, the discretion is one to be exercised sparingly, I would not wish to define or limit the circumstances in which it may be exercised.*

(iv) *I agree with the views of Dillon LJ in the Lloyds Bowmaker case* [1988] 3 All ER 178 at 187 *that, if there is jurisdiction to grant a fresh injunction, then there must also be a discretion to refuse, in an appropriate case, to discharge the original injunction. (Emphasis added.); and*

(3) Slade LJ (as he then was) agreed with the above judgments of Ralph Gibson and Balcombe LJJ, at p 194. Slade LJ added as follows, at pp 194–195:

... *The principle is, I think, a thoroughly healthy one. It serves the important purposes of encouraging persons who are making ex parte applications to the court diligently to observe their duty to make full disclosure of all material facts and to deter them from any failure to observe this duty, whether through deliberate lack of candour or innocent lack of due care.*

Nevertheless, the nature of the principle, as I see it, is essentially penal and in its application the practical realities of any case before the court cannot be overlooked. By their very nature, ex parte applications usually necessitate the giving and taking of instructions and the preparation of the requisite drafts in some haste. Particularly, in heavy commercial cases, the borderline between material facts and non-material facts may be a somewhat uncertain one. While in no way discounting the heavy duty of candour and care which falls on persons making ex parte applications, I do not think the application of the principle should be carried to extreme lengths. In one or two other recent cases coming before this court, I have suspected signs of a growing tendency on the part of some litigants against whom ex parte injunctions have been granted, or of their legal advisers, to rush to the R v Kensington Income Tax Comr principle as a tabula in naufragio alleging material non-disclosure on sometimes rather slender grounds, as representing substantially the only hope of obtaining the discharge of injunctions in cases where there is little hope of doing so on the substantial merits of the case or on the balance of convenience. (Emphasis added.); and

(f) cases on the setting aside of ex parte injunctions are not binding precedents under the stare decisis doctrine because:

(i) it is a question of evidence as to whether a party has failed to disclose a material fact or has misrepresented/misled the court on a material fact when the party obtains an ex parte injunction; and

(ii) as explained above, the court has a discretion to affirm or set aside, wholly or partly, an ex parte injunction when there is a non-disclosure of material fact or a misrepresentation of a material fact. Such an exercise of discretion depends on the particular facts of the case in question and does not constitute a binding precedent.

H(2). Whether commercial exploitation of VS machines was a material fact for the court's consideration of ex parte orders

[41] Based on the objective test of materiality as explained in *The 'Vasiliy Golovnin'*, I hold that the commercial exploitation of VS machines is a material fact which 'the court should take into consideration in making its decision' regarding the ex parte orders. This decision is based on the following reasons:

(a) this action is based on an infringement of the plaintiff's patents by way of the commercial exploitation of VS machines — please see sub-para 25(a) of the original statement of claim (now sub-para 34(a) of the ASOC). For this cause of action, ss 36(1)(a), (2), (3)(a)(i), (ii) and 58 of the Patents Act 1983 ('the PA') are relevant and are reproduced below:

s 36 Rights of owner of patent

(1) Subject and without prejudice to the other provisions of this Part, *the owner of a patent shall have the following exclusive rights in relation to the patent:*

(a) *to exploit the patented invention;*

(2) *No person shall do any of the acts referred to in subsection (1) without the consent of the owner of the patent.*

(3) *For the purposes of this Part, 'exploitation' of a patented invention means any of the following acts in relation to a patent:*

(a) *when the patent has been granted in respect of a product:*

(i) *making, importing, offering for sale, selling or using the product;*

(ii) *stocking such product for the purpose of offering for sale, selling or using;*

s 58 Acts deemed to be infringement

Subject to subsections 37(1), (2) and (3) and section 38, an infringement of a patent shall consist of the performance of any act referred to in subsection 36(3) in Malaysia by a person other than the owner of the patent and without the agreement of the latter in relation to a product or a process falling within the scope of protection of the patent. (Emphasis added.); and

(b) for the plaintiff to succeed in this action, the plaintiff has to prove who 'exploited' VS machines within the meaning of s 36(3)(a)(i) and (ii) of the PA as follows:

(i) who has made VS machines;

(ii) who has offered VS machines for sale;

(iii) who has sold VS machines;

(iv) who has used VS machines; and/or

(v) who has stocked VS machines for the purpose of:

(1) offering for sale;

(2) sale; and/or

(3) use of VS machines

H(3). Whether plaintiff had duty to inquire regarding commercial exploitation of VS machines

[42] The plaintiff had asserted in its affidavits that prior to the execution of the ex parte APO in this case, the plaintiff had no knowledge that the second and third defendants had manufactured VS machines which had been purchased by the fourth defendant and used by the first defendant at the first defendant's premises. Even if this court accepts such an assertion by the plaintiff, premised on Ralph Gibson LJ's judgment in *Brink's-Mat Ltd*, this court finds that the plaintiff had a duty to inquire about the commercial exploitation of VS machines before applying for the ex parte orders. Such a duty is premised on the following evidence and reasons:

(a) as elaborated in the above part H(2), due to the nature of this action (a patent infringement claim), information regarding the commercial exploitation of VS machines is essential;

(b) the nature and effect of the ex parte orders is most adverse to the first defendant;

(c) there is no evidence that the plaintiff was then under time constraint and could not make any inquiry before the filing of the ex parte court encl No 7. On the contrary, the plaintiff had ample time and opportunity to inquire about the commercial exploitation of VS machines before applying for the ex parte orders. This is clear from the following evidence:

(i) the fourth defendant had purchased machines from the plaintiff and had consigned such machines to the first defendant to test the fourth defendant's products in the first defendant's premises. There was therefore at the relevant period of time a mutually beneficial

A business relationship between the plaintiff and fourth defendant (please see the fourth defendant's affidavit affirmed by Mr Scott Jon Boedigheimer (Mr Scott) in court encl No 43);

(ii) the plaintiff's representative, Mr Chng Yew Loon (Mr Chng), had been invited to attend the first defendant's premises on 24 July 2014 to evaluate VS machines (inspection on 24 July 2014). Mr Chng did attend the inspection on 24 July 2014. Exhibited in Mr Scott's affidavit was an email dated 25 July 2014 from Mr Loke Chai Liang (the fourth defendant's representative) to Mr Chng regarding the inspection on 24 July 2014 (Mr Loke's email dated 25 July 2014);

(iii) Mr Scott's affidavit exhibited an exchange of emails between the representatives of the first and fourth defendants (regarding the first defendant's use of VS machines to test the fourth defendant's products in the first defendant's premises) which had been copied to Mr Chng and Ms Kang Pui Leng, a representative from the plaintiff ('exchange of emails');

(iv) on 19 March 2015, the plaintiff's patent agent, TRADEMARK2U Malaysia Sdn Bhd, had sent a letter to the fourth defendant to put the fourth defendant on notice regarding the plaintiff's patents and the plaintiff's 'exclusive right to exploit' the plaintiff's patents ('the plaintiff's letter dated 19 March 2015); and

(v) the plaintiff had called for a meeting between representatives of the plaintiff and fourth defendant on 15 September 2015 ('meeting on 15 September 2015'). At the meeting on 15 September 2015, the plaintiff had informed the fourth defendant that plaintiff was losing out business to the plaintiff's competitors. The business relationship between the plaintiff with first and fourth defendants, inspection on 24 July 2014, Mr Loke's email dated 25 July 2014, exchange of emails, plaintiff's letter dated 19 March 2015 and meeting on 15 September 2015, in my view, clearly showed that at the material time, there was an open line of communication between the plaintiff and the first and fourth defendants. There was therefore no reason why the plaintiff could not have inquired, at least by way of an email, from either the first or fourth defendant regarding the commercial exploitation of VS machines before the plaintiff applied for the ex parte orders; and

(d) the ex parte court encl No 7 was filed on 14 January 2016. There was no reasonable explanation why the plaintiff could not have inquired in any manner from either the first or fourth defendant regarding the commercial exploitation of VS machines for the time period of more

than one year five months (from the inspection on 24 July 2014 until the filing of the ex parte court encl No 7 on 14 January 2016).

[43] The plaintiff's written submission had contended that despite the plaintiff's demand dated 29 July 2015, the first defendant had 'repeatedly refused to disclose the existence and identities of the manufacturers and purchasers' of VS machines. As such, the plaintiff submitted that the first defendant was estopped from 'protesting' against the inclusion of the first defendant in this action. I am unable to accede to this argument as the plaintiff's demand dated 29 July 2015 only alleged that the first defendant had breached the plaintiff's patents by 'using or stocking for the purpose of using' (emboldened in the plaintiff's demand dated 29 July 2015) VS machines. The plaintiff's demand dated 29 July 2015 did not inquire about who was the manufacturer and user of VS machines. Hence, it was understandable why the first defendant did not respond regarding the commercial exploitation of VS machines.

H(4). Whether the plaintiff should have disclosed commercial exploitation of VS machines in court encl No 7

[44] The plaintiff had applied for the ex parte orders based on two affidavits, namely:

(a) an affidavit affirmed by Mr Moey Huey Chyan on 13 January 2016 (court encl No 5); and

(b) an affidavit affirmed by Mr Pang on 20 January 2016 (court encl No 8)

('the plaintiff's two supporting affidavits').

[45] As explained in the above part H(3), the plaintiff was under a duty to inquire about the commercial exploitation of VS machines. Based on Ralph Gibson LJ's judgment in *Brink's-Mat Ltd,* I find that the plaintiff would have reasonably known about the commercial exploitation of VS machines if the plaintiff had made a proper inquiry. Accordingly, the plaintiff should have disclosed about the commercial exploitation of VS machines to this court in court encl No 7 in the plaintiff's two supporting affidavits. The plaintiff's failure to do so meant that the plaintiff had failed to disclose a material fact in obtaining the ex parte orders.

H(5). Whether the plaintiff had failed to disclose other material facts

[46] Additionally or as an alternative to the above part H(4), I find the following facts are material which 'the court should take into consideration in making its decision' regarding the ex parte orders and should have been disclosed in the plaintiff's two supporting affidavits:

A (a) the existence at the relevant period of time, a mutually beneficial business relationship between the plaintiff and the fourth defendant;

(b) the inspection on 24 July 2014 and Mr Lake's email dated 25 July 2014;

(c) the exchange of emails;

B (d) the plaintiff's letter dated 19 March 2015; and

(e) the meeting on 15 September 2015.

H(6). Whether ex parte orders should be set aside due to the plaintiff's C *non-disclosure of material facts*

[47] In view of the plaintiff's failure to disclose material facts as elaborated in the above parts H(4) and H(5) ('the plaintiff's non-disclosure'), I exercise my discretion under O 32 r 6 of the RC to set aside the ex parte orders in their D entirety. Such an exercise of discretion is due to the following reasons:

(a) as explained in the above part H(2), in view of the nature of this action as pleaded in the ASOC, the plaintiff's non-disclosure of the commercial exploitation of VS machines was essential to the issues to be E decided in the ex parte court encl No 7; and

(b) in light of documentary evidence (such as Mr Lake's email dated 25 July 2014, the exchange of emails and the plaintiff's letter dated 19 March 2015), the plaintiff's non-disclosure could not be said to be innocent. Furthermore, as elaborated above, the plaintiff had more than adequate F time and opportunity to inquire about the commercial exploitation of VS machines and to disclose such a material fact to this court in the ex parte court encl No 7.

I. WHETHER INTER PARTES APO SHOULD BE GRANTED IN THIS G CASE

[48] Despite the setting aside of the ex parte orders (please see the above part H(6)), I shall consider afresh the inter partes court encl No 7 without being influenced by the setting aside of the ex parte orders. I cite the following H judgment by Abdoolcader J (as he then was) in the High Court case of *Wah Loong (Jelapang) Tin Mine Sdn Bhd v Chia Ngen Yiok* [1975] 2 MLJ 109 at p 112:

> *Indeed it is settled law that when such an injunction is either refused or dissolved, as the case may be, on the grounds that material facts had not been disclosed, the plaintiff* I *nonetheless does not become anathema for all purposes but may, if he wishes, make application de novo.* (Emphasis added.)

I(1). No real risk of destruction or concealment of evidence

[49] It is trite law that for this court to grant an inter partes APO, the plaintiff has the legal onus to prove that there is a 'real risk' or 'real possibility' of destruction or concealment of evidence by the first defendant — please see *Arthur Anderson & Co* at sub-para 31.

[50] I am of the view that the plaintiff has failed to discharge the legal burden to satisfy this court that there was a real risk or real possibility that the first defendant would destroy and/or conceal evidence in this case. This decision is premised on the following evidence and reasons:

(a) the first defendant is an accredited laboratory which merely conducts testing of machines and products of the first defendant's customers ('the first defendant's customers') in the first defendant's premises. The first defendant does not own VS machines. There is therefore no reason or motive for the first defendant to destroy and/or conceal evidence in this case;

(b) if anything happens to the machines and products of the first defendant's customers while such machines and products are in the first defendant's premises, the first defendant has to answer to the first defendant's customers. This makes it highly unlikely for the first defendant to destroy or conceal machines for which the first defendant is liable to the first defendant's customers; and

(c) the VS machines are huge and heavy. It is not easy for the first defendant to dispose of VS machines, let alone to destroy or conceal them.

In view of the plaintiff's failure to prove that there is a real risk or real possibility of destruction or concealment of evidence by the first defendant, the inter partes APO must be denied. Consequently, the ad interim APO lapses upon this court's refusal of the inter partes APO.

[51] The plaintiff had alleged that the first defendant had put up partition walls in the first defendant's premises which isolated the plaintiff's machines from VS machines ('the first defendant's partitions'). Regarding the first defendant's partitions, the first defendant had given a reasonable explanation in its affidavit affirmed by Mr See Keat Siang on 29 January 2016 (court encl No 12) as follows:

(a) the first defendant's customers are business competitors between or among themselves. Accordingly, the first defendant's partitions are necessary to ensure the confidentiality of the machines and products of the first defendant's customers while such machines and products are in

A the first defendant's. If otherwise, the first defendant may be liable to the first defendant's customers for damages for the tort of breach of confidence; and

(b) the first defendant's partitions had been put up to enhance the corporate B governance of the first defendant and this was consistent with 'ISO' (International Organisation for Standardisation) policies which had been adhered to by the first defendant.

In view of the above explanation for the first defendant's partitions, I do not find the erection of the first defendant's partitions to constitute a real risk or real C possibility that the first defendant would destroy and/or conceal evidence in this case.

J. WHETHER THE PLAINTIFF IS ENTITLED TO INTER PARTES RESTRAINING INJUNCTION D

J(1). No basis to restrain the first defendant from disposing alleged infringing products in the first defendant's premises

E **[52]** For the reasons expressed in the above para 50, this court exercises its discretion *not* to grant an interlocutory injunction to restrain the first defendant from moving, transferring and/or disposing the alleging infringing products in the first defendant's two premises.

F *J(2). Whether damages is an adequate remedy for the plaintiff*

[53] The plaintiff bears the legal burden to satisfy this court that the remedy of damages is not an adequate remedy — please see the Court of Appeal's judgment delivered by Ahmad Fairuz JCA (as he then was) in *Gerak Indera Sdn Bhd lwn Farlim Properties Sdn Bhd* [1997] 3 MLJ 90 at p 99. G

[54] I find that the plaintiff has failed to discharge the legal onus to prove that damages is not an adequate remedy for the infringement of the plaintiff's patents by the defendants. This is due to the following reasons: H

(1) the plaintiff's demand dated 29 July 2015 had claimed for RM39,075,000 as compensation for the infringement of the plaintiff's patents; and

I (2) prayers 5 and 6 ASOC have claimed for an assessment of damages and exemplary damages.

[55] As the remedy of damages is a sufficient remedy for the plaintiff in this case, the plaintiff is not entitled to an interlocutory injunction to restrain the

defendants from exploiting in any manner the use of any machine which may infringe the plaintiff's patents — please see the Supreme Court's judgment delivered by Hashim Yeop Sani CJ (Malaya) in *Associated Tractors Sdn Bhd v Chan Boon Heng & Anor* [1990] 2 MLJ 408 at p 409; [1990] 1 CLJ Rep 30 at p 32.

J(3). Where does the balance of convenience lie?

[56] The Supreme Court in *Alor Janggus*, at p 266, has explained the 'balance of convenience' test as follows:

(a) the court shall consider the consequences of:

(i) granting an interlocutory injunction; and

(ii) refusing an interlocutory injunction;

(b) the court shall then weigh whether:

(i) the grant of an interlocutory injunction; or

(ii) the refusal of an interlocutory injunction — would carry the lower risk of injustice to any party; and

(c) the balance of convenience is in favour of the grant or refusal of an interlocutory injunction which carries a lower risk of injustice.

[57] I am of the view that the balance of convenience is in favour of *refusing* an interlocutory injunction to restrain the defendants from exploiting in any manner the use of any machine which may infringe the plaintiff's patents. Such a decision is premised on the following reasons:

(a) if an interlocutory injunction to restrain the defendants is refused by this court and:

(i) if the plaintiff subsequently succeeds in this action, damages is an adequate remedy for the plaintiff for the infringement of the plaintiff's patents (please see the above part J(2)). In other words, the plaintiff is not prejudiced in any manner by a refusal of an interlocutory injunction to restrain the defendants in this case; and

(ii) if this action is later dismissed, there is no plaintiff's undertaking to pay damages (which is not given by the plaintiff because of the court's refusal to grant an interlocutory injunction) for the defendants to enforce. Consequently, the plaintiff is not liable to the defendants for any loss because no interlocutory injunction had been granted by this court. In this manner, the plaintiff enjoys a 'benefit' as a consequence of the court's refusal to grant an interlocutory injunction;

(b) if an interlocutory injunction is granted to restrain the defendants:

(i) the interlocutory injunction would have imposed tremendous financial pressure on the defendants by depriving them of income. Such an interlocutory injunction may be abused by the plaintiff to force the defendants to settle this action on the plaintiff's own terms without the need for the plaintiff to prove its case at trial. In this manner, an interlocutory restraining injunction has been abused as an instrument of oppression; and/or

(ii) if this action is subsequently dismissed, the defendants would have to enforce plaintiff's undertaking to pay damages (given by the plaintiff for the court to grant an interlocutory injunction). If the plaintiff's undertaking is worthless and has not been fortified in any monetary form, the defendants would not be compensated and would have suffered irreparable harm due to the interlocutory injunction; and

(c) in light of the above reasons, a refusal of an interlocutory injunction will definitely carry the lower risk of injustice to both the plaintiff and defendants.

[58] Premised on the above reasons, the balance of convenience is an additional or alternative ground to refuse an interlocutory injunction to restrain the defendants from exploiting in any manner the use of any machine which may infringe the plaintiff's patents.

K. ASSESSMENT OF DAMAGES SHOULD BE ORDERED

[59] In view of:

(a) the setting aside of the ex parte orders by this court; and

(b) the subsequent lapse of the ad interim APO;

— this court exercises its discretion to order as follows:

(i) damages to be assessed by the learned registrar (assessment) regarding all loss and damage suffered by the defendants which arise from the ex parte orders and ad interim APO (assessed damages) — please see *Arthur Anderson & Co*, at para 51;

(ii) the assessment shall be conducted after the trial of this action. This order ensures that all parties in this case can concentrate solely on the trial without being 'distracted' by the assessment and this in turn, will expedite an early disposal of the trial. In *Cheltenham and Gloucester Building Society v Ricketts and others* [1993] 4 All ER 276, at pp 281–282, Neill LJ (as he then was) held in the English Court of Appeal that the court has a discretion to order when the assessment

should be carried out (concurred by Mann LJ, at p 284);

(iii) the plaintiff shall pay to the defendants interest at the rate of 5%pa on the assessed damages from the date of assessment until the date of the plaintiff's full payment of the assessed damages; and

(iv) costs of the assessment shall be ascertained by the registrar and shall be paid by the plaintiff to each of the following:

(1) the first defendant;

(2) the second and third defendants; and

(3) the fourth defendant.

L. CONCLUSION

[60] Premised on the above reasons, the following order is made:

(a) court encl Nos 11, 42 and 44 are allowed with costs wherein the ex parte orders are set aside;

(b) court encl No 7 is dismissed with costs and consequently, the ad interim APO lapses;

(c) a sum of RM25,000 shall be paid by the plaintiff to each of the following:

(i) the first defendant;

(ii) the second and third defendants; and

(iii) the fourth defendant;

(d) an allocator fee shall be imposed on the above total costs of RM75,000 in accordance with O 59 r 7(4) of the RC; and

(e) orders regarding the assessment and assessed damages are as stated in the above sub-paras 59(i)–(iv).

Order accordingly.

Reported by Ashok Kumar